

PRESIDENT'S SECOND QUARTER REPORT

Operations for the first six months of 1975 resulted in a net profit of \$850,000 or 61c per share compared to a 1974 six month profit of \$774,000 or 56c per share. Total sales at \$32,600,000 were up some 11% over 1974.

Earnings from unconsolidated subsidiaries, namely, North West Trust Company, Seaboard Life Insurance and Alberta Gas Chemicals Ltd. increased significantly in the second quarter of 1975.

The first methanol plant built by Alberta Gas Chemicals Ltd. has been on stream for approximately four months at Medicine Hat. The second unit is approximately 75% complete and fortunately has lost little construction momentum in spite of several strikes in the building trades. It is expected that Alberta Gas Chemicals Ltd. will add substantially to Allarco's earnings in the second half of 1975.

Large inventories and high interest costs have resulted in reduced profits from the automotive division while start-up costs have resulted in a loss from the television operation for the first six months. Both these situations are expected to be reversed in the second half of the year.

Flight operations of International Jet Air are being drastically reduced in order to allow that company to pursue those areas which have been profitable in the past, namely, avionics, Avitat and storage rentals.



Charles A. Allard
President

August 23, 1975

DIVISIONS

Real Estate:

- i Income Producing Properties
- ii Land for Development

Automotive:

- i Crosstown Motor City
- ii Devonian Motors
- iii Edmonton Car Rentals
- iv Mansion Mobile Homes
- v Recreational Vehicle Centre
- vi Crosstown Leasing

Restaurants:

- i Oliver's
 - Edmonton
 - Winnipeg
 - Calgary
- ii Beachcomber
 - Edmonton
 - Victoria
- iii Steak Loft
 - Edmonton
- iv Lucifer's
 - Calgary
- v Peter Pond Hotel
 - Fort McMurray

Printing:

- Metropolitan Printing
- Metro Forms

Insurance:

- Columbia Insurance Services

Farm Division:

- Falher, Alberta
- Bruderheim, Alberta

Television:

- Edmonton Video Ltd. - C.I.T.V.
- Ten Television Ltd.
- Northwest Productions Ltd.

SUBSIDIARY COMPANIES

- International Jet Air Ltd.
- North West Trust Company
- N. A. Properties Ltd.
- People's Management Ltd.
- Redden Construction Ltd.
- Seaboard Life Insurance Company
- Citation Construction Ltd.
- Allarco Financial Corporation Ltd.

AFFILIATED COMPANIES

- Alberta Gas Chemicals Ltd.
- Parkland Nursing Homes Ltd.
- Matrix Exploration Ltd.
- Pine Point Investments Ltd.
- Pine Point Shopping Centre Ltd.

JOINT VENTURES AND PARTNERSHIPS

- Hamilton-Ancaster, Ontario

AR39

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SECOND QUARTER REPORT TO SHAREHOLDERS

Six Months Ended

June 30, 1975

ALLARCO DEVELOPMENTS LTD.

11456 Jasper Avenue
EDMONTON ALBERTA

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ALLARCO DEVELOPMENTS LTD, AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF OPERATIONS

For The Six Months Ended June 30, 1975

	1975	1974
Income	\$32,638,572	29,346,518
Cost of sales and operating expenses	<u>30,447,999</u>	<u>27,214,259</u>
	<u>2,190,573</u>	<u>2,132,259</u>
Head office expenses	298,539	231,183
Debenture interest	<u>167,275</u>	<u>169,015</u>
	<u>465,814</u>	<u>400,198</u>
Net profit before the undernoted	<u>1,724,759</u>	<u>1,732,061</u>
Depreciation	943,046	708,717
Income taxes	399,171	424,872
Minority interest	<u>5,998</u>	<u>6,634</u>
	<u>1,348,215</u>	<u>1,140,223</u>
	376,544	591,838
Equity in earnings of unconsolidated subsidiaries	<u>348,162</u>	<u>76,071</u>
Operating profit	<u>724,706</u>	<u>667,909</u>
Gain on disposal of fixed assets and investments	<u>125,160</u>	<u>106,238</u>
Net Profit for The Period	<u>\$ 849,866</u>	<u>774,147</u>
Operating profit per share	\$.52	\$.47
Net profit per share	\$.61	\$.56

ALLARCO DEVELOPMENTS LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF SOURCE AND USE OF CASH

For The Six Months Ended June 30, 1975

	1975	1974
<u>SOURCE OF CASH:</u>		
Provide from operations	\$2,647,472	2,012,052
Increase in bank advances	2,435,096	2,180,737
Decrease (increase) in loans, agree- ments and accounts receivable	752,725	(812,702)
Decrease (increase) in inventories and prepaids	1,620,574	(3,641,375)
Disposal of fixed assets	625,533	3,310,813
Issue of mortgages and notes payable	5,373,273	6,085,485
Sale of capital stock	--	2,200
	<u>13,454,673</u>	<u>9,137,210</u>
<u>APPLICATION OF CASH:</u>		
Decrease (increase) in accounts payable	3,270,486	(3,485,298)
Land purchased and costs capitalized	2,852,507	--
Investments in and advances to affiliates	897,601	1,044,279
Payments on mortgages and notes payable	2,510,984	5,025,848
Other assets acquired	43,107	544,315
Debentures redeemed	318,000	141,000
Additions to fixed assets	<u>3,419,343</u>	<u>5,709,504</u>
	<u>13,312,028</u>	<u>8,979,648</u>
Increase in cash	<u>\$ 142,645</u>	<u>157,562</u>

PRESIDENT'S SECOND QUARTER REPORT

Operating profit for the first six months of 1976 amounted to \$1,893,195 or \$1.37 per share compared to \$724,706 or \$.52 per share for the corresponding 1975 period. During 1976 there was no gain on disposal of fixed assets while in 1975 there was a gain of \$125,160 or \$.09 per share which brought the net profit per share to \$.61 for 1975 compared to \$1.37 for 1976.

During the second quarter of 1976 there was no income from land sales.

Edmonton Video Ltd. continued to show substantially improved results for 1976 while results continue favourable for the restaurant division. The results of the automotive division are continuing to improve.

The operations of our unconsolidated subsidiaries, namely North West Trust Company, Seaboard Life Insurance Company and Alberta Gas Chemicals Ltd. continue to show improved results.

In spite of start-up problems on the second methanol plant, Alberta Gas Chemicals Ltd. shows improved operating results over 1975.

International Jet Air Ltd. has markedly reduced activities which should lead to a break-even situation in the near future.

Your directors continue to be optimistic about the operations for the last half of 1976.



Dr. Charles A. Allard
President

August 23, 1976

DIVISIONS

Real Estate:

- i Income Producing Properties
- ii Land for Development

Automotive:

- i Crosstown Motor City
- ii Devonian Motors
- iii Crosstown Leasing
- iv Mansion Mobile Homes
- v Recreational Vehicle Centre
- vi Edmonton Van Specialties Ltd.

Restaurants:

- i Oliver's
Edmonton
Winnipeg
Calgary
- ii Beachcomber
Edmonton
Victoria
- iii Steak Loft
Edmonton
- iv Lucifer's
Calgary
Edmonton
- v Peter Pond Hotel
Fort McMurray

Printing:

Metropolitan Printing
Metro Forms

Insurance:

Columbia Insurance Services

Farm Division:

Falher, Alberta
Bruderheim, Alberta

Television:

Edmonton Video Ltd. - C.I.T.V.
Ten Television Ltd.
Northwest Productions Ltd.

SUBSIDIARY COMPANIES

International Jet Air Ltd.
North West Trust Company
N. A. Properties Ltd.
People's Management Ltd.
Redden Construction Ltd.
Seaboard Life Insurance Company
Citation Construction Ltd.
Allarco Financial Corporation Ltd.

AFFILIATED COMPANIES

Alberta Gas Chemicals Ltd.
Parkland Nursing Homes Ltd.
Matrix Exploration Ltd.
Pine Point Investments Ltd.
Pine Point Shopping Centre Ltd.
Travellers Acceptance Corp. Ltd. (Alta.)

JOINT VENTURES AND PARTNERSHIPS

Hamilton-Ancaster, Ontario

Concorp

**SECOND QUARTER
REPORT
TO SHAREHOLDERS**

Six Months Ended

June 30, 1976

ALLARCO DEVELOPMENTS LTD.

11456 Jasper Avenue
EDMONTON, CANADA

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ALLARCO DEVELOPMENTS LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF OPERATIONS

For The Six Months Ended June 30, 1976

	1976	1975
Income	\$34,478,018	\$32,638,572
Cost of sales and operating expenses ..	32,108,813	30,447,999
	<u>2,369,205</u>	<u>2,190,573</u>
Head office expenses	328,078	298,539
Debenture interest	157,133	167,275
	<u>485,211</u>	<u>465,814</u>
Net profit before the undernoted	<u>1,883,994</u>	<u>1,724,759</u>
Depreciation	1,087,281	943,046
Income taxes	406,005	399,171
Minority interest	43,992	5,998
	<u>1,537,278</u>	<u>1,348,215</u>
	346,716	376,544
Equity in earnings of unconsolidated subsidiaries	<u>1,546,479</u>	<u>348,162</u>
Operating profit	<u>1,893,195</u>	<u>724,706</u>
Gain on disposal of fixed assets and investments	<u>---</u>	<u>125,160</u>
Net Profit for The Period	<u>\$ 1,893,195</u>	<u>\$ 849,866</u>
Operating profit per share	\$1.37	\$.52
Net profit per share	\$1.37	\$.61

ALLARCO DEVELOPMENTS LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF SOURCE AND USE OF CASH

For The Six Months Ended June 30, 1976

	1976	1975
<u>SOURCE OF CASH:</u>		
Provided from operations	\$ 3,091,544	\$ 2,647,472
Increase in bank advances	1,948,992	2,435,096
Increase (decrease) in accounts payable	2,532,510	(3,270,486)
Disposal of fixed assets	587,469	625,533
Issue of mortgages and notes payable ..	2,945,547	5,373,273
Issue of capital stock	<u>16,400</u>	<u>---</u>
	<u>11,122,462</u>	<u>7,810,888</u>
<u>APPLICATION OF CASH:</u>		
Increase (decrease) in loans, agreements and accounts receivable	2,223,103	(752,725)
Land purchased and costs capitalized ..	2,006,447	2,852,507
Investments in and advances to affiliates	769,226	897,601
Payments on mortgages and notes payable	3,438,946	2,510,984
Other assets acquired	119,883	43,107
Debentures redeemed	17,000	318,000
Additions to fixed assets	2,090,035	3,419,343
Increase (decrease) in inventories and prepaids	<u>453,169</u>	<u>(1,620,574)</u>
	<u>11,117,809</u>	<u>7,668,243</u>
Increase in cash	<u>\$ 4,653</u>	<u>\$ 142,645</u>

PRESIDENT'S SECOND QUARTER REPORT

Net profit for the first six months of 1977 amounted to \$2,932,000 or \$2.10 per share compared to \$1,893,000 or \$1.37 per share for the same period of 1976. Sales increased to \$42,771,000 from \$34,478,000.

There were no sales of fixed assets or investments in the first six months of either year. Earnings from unconsolidated subsidiaries amounted to \$1,845,000 up from the 1976 figure of \$1,546,000.

Not reflected in the first six months of operations was a land sale, concluded in early July, of a one half interest in 336 acres of raw land located within the City of Edmonton, *not completed @ \$7.5-million.*

During the quarter Alberta Gas Chemicals Ltd. (a joint venture with Alberta Gas Trunk Line Company Limited) received from the Alberta Energy Conservation Board a one year extension on its permit to construct two additional methanol units at Medicine Hat.

Additional land has been purchased in the Edmonton area for future development and to replace land inventory which has been sold.

Charles A. Allard

Dr. Charles A. Allard
President

August 17, 1977

DIVISIONS

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Real Estate:

- i Income Producing Properties
- ii Land for Development

Automotive:

- i Crosstown Motor City
- ii Devonian Motors
- iii Crosstown Leasing
- iv Mansion Mobile Homes
- v Edmonton Van Specialties Ltd.

Restaurants:

- i Oliver's
 - Edmonton
 - Winnipeg
 - Calgary
- ii Beachcomber
 - Edmonton
 - Victoria
- iii Steak Loft
 - Edmonton
- iv Lucifer's
 - Calgary
 - Edmonton
- v Peter Pond Hotel
 - Fort McMurray

Printing:

Metropolitan Printing
Metro Forms

Farm Division:

Falher, Alberta

Television:

Edmonton Video Ltd. - C.I.T.V.
North West Video

SUBSIDIARY COMPANIES

Allarco Financial Corporation Ltd.
Citation Construction Ltd.
Hicke Real Estate Ltd.
International Jet Air Ltd.
N. A. Properties Ltd.
North West Trust Company
People's Management Ltd.
Redden Construction Ltd.
Seaboard Life Insurance Company
Travelmasters (Edmonton) Ltd.

AFFILIATED COMPANIES

Alberta Gas Chemicals Ltd.
Matrix Exploration Ltd.
Parkland Nursing Homes Ltd.
Pine Point Investments Ltd.
Pine Point Shopping Centre Ltd.
Travellers Acceptance Corp. Ltd. (Alta.)

JOINT VENTURES AND PARTNERSHIPS

Hamilton-Ancaster, Ontario

SECOND QUARTER REPORT TO SHAREHOLDERS

Six Months Ended
June 30, 1977

File
ALLARCO DEVELOPMENTS LTD.

11456 Jasper Avenue
EDMONTON, CANADA

ALLARCO DEVELOPMENTS LTD. AND SUBSIDIARIES

Consolidated Statement of Operations

For the Six Months Ended June 30, 1977

	<u>1977</u>	<u>1976</u>
Income.....	\$42,771,163	34,478,018
Cost of sales and operating expenses.	<u>39,169,273</u>	<u>32,108,813</u>
	<u>3,601,890</u>	<u>2,369,205</u>
Head office expenses	317,914	328,078
Debenture interest	<u>151,030</u>	<u>157,133</u>
	<u>468,944</u>	<u>485,211</u>
Net profit before the undernoted	<u>3,132,946</u>	<u>1,883,994</u>
Depreciation	997,074	1,087,281
Income taxes	984,802	406,005
Minority interest	<u>63,474</u>	<u>43,992</u>
	<u>2,045,350</u>	<u>1,537,278</u>
	<u>1,087,596</u>	<u>346,716</u>
Equity in earnings of unconsolidated subsidiaries	<u>1,844,925</u>	<u>1,546,479</u>
Net operating profit	<u>\$ 2,932,521</u>	<u>1,893,195</u>
Net profit per share	\$2.10	\$1.37

ALLARCO DEVELOPMENTS LTD. AND SUBSIDIARIES

Consolidated Statement of Source and Use of Cash

For the Six Months Ended June 30, 1977

	<u>1977</u>	<u>1976</u>
SOURCE OF CASH		
Provided from operations	\$3,410,707	3,091,544
Increase in bank advances	986,216	1,948,992
Issue of mortgages and notes payable	1,350,159	2,945,547
Increase in accounts payable	879,334	2,532,510
Disposal of fixed assets	1,311,846	587,469
Issue of capital stock	83,950	16,400
Disposal (acquisition) of other assets	<u>5,205</u>	<u>(119,883)</u>
	<u>8,027,417</u>	<u>11,002,579</u>
APPLICATION OF CASH		
Increase in loans, agreements and accounts receivable	1,866,299	2,223,103
Land purchased and expenses capitalized	752,903	2,006,447
Investments in and advances to affiliates	651,511	769,226
Additions to fixed assets	1,827,844	2,090,035
Payments on mortgages and notes payable	2,574,809	3,438,946
Increase in inventories and prepaids	409,607	453,169
Debentures redeemed	<u>175,000</u>	<u>17,000</u>
	<u>8,257,973</u>	<u>10,997,926</u>
Decrease (increase) in cash	<u>\$ 230,556</u>	<u>(4,653)</u>